

MINUTES OF MEETING
of
PROJECT REVIEW COMMITTEE

30 August 1949

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PRESENT:

[REDACTED]

Mr. E. Saunders

Executive
Deputy Executive
Budget Officer
Assistant General Counsel

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[REDACTED]

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1. The Project Review Committee convened at 2 p.m. to consider the OSO Budget Estimates for the Fiscal Year 1951. The budget estimates were furnished to the Committee which then read them. [REDACTED] discussed certain factors which he felt should be mentioned, and pointed out that, within his own office, there had been applied a 25% overall reduction of the budget estimates as presented. It was his purpose to present a budget as nearly accurate as possible. Certain factors which tended to increase the dollar cost were explained. [REDACTED] pointed out that the dollar price of many foreign currencies has increased considerably and that there is considerable justification for assuming that such trends will continue. Further, it was pointed out that the bargaining power of barter commodities had lessened considerably and that this trend, in all likelihood, would continue.

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2. There was considerable discussion by the Committee concerning the effect of commodity currency operations on the overall budget estimates of OSO. It was stated that the increase in the budget estimates for the fiscal year 1951 over fiscal year 1950 was due to the increased costs of commodities, currency, and some expansion in certain areas.

3. There was discussed briefly, the effect of the pending reorganization of departmental personal services. In view of the hoped for early decisions in this connection, no further discussions were held on this matter.

4. An item of \$15,000 of Vouchered Funds, communications cost was brought up. This matter was to be checked further with the Budget Officer because of the possibility that such costs might be included in budget estimates of one or more offices.

5. Upon review of the estimated expenditures in proportion to the target areas, it appeared that the emphasis was generally in line with the general policy.

6. The Communications Division's Budget Estimates were the subject of considerable discussion. It was noted that a large share of OSO's Budget Estimates were allocated to the Communications Division with the result of a rather high figure. The expenditure of funds for additional equipment was discussed with relation to the storage and warehouse problem. This matter was also discussed from the standpoint of the high cash inventory value which was subject of some concern when presented to the Bureau of the Budget. A power charge in office expenses was questioned. Upon explanation this item appeared to be satisfactory. The allocation of [REDACTED] for Teletype charges was discussed and a

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detailed justification therefor read. It was agreed that this particular item should be brought up as a specific project, to PRC since it was principally an overt matter which would not materially affect OSO. Consequently, it was directed that the item of [REDACTED] be stricken from the budget estimates. The 08 and 09 allocations were discussed in additional detail. The principal items within 08 were discussed particularly as related to crypto materials and equipment. The 09 item - teletype equipment - was discussed and it was pointed out that there was a considerable time lag between the execution of the contract and final delivery of the equipment. Also in 09 there was discussed purchases for all stations, particularly in connection with the need for additional equipment in new base stations, or in those base stations which were to be enlarged. After this discussion it was agreed that additional study of the Communications Division allocation should be held. C[REDACTED] suggested that Mr. [REDACTED] be present to discuss this particular allocation.

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7. Upon examination of the allocation for ADSO in 07 entitled Projects and Activities (Contingency and Reserve) there was discussed the possibility of placing such an allocation in the various area allocations. It was agreed that this should be done and the figure of [REDACTED] would be reduced to \$[REDACTED] and spread, in an appropriate manner, through various areas.

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8. The item of \$50,000 for COPS was eliminated on the basis of proposed reorganizational changes.

9. The personnel recruitment problem was discussed in relationship to the ability of OSO to meet their requirements as set forth in the budget estimates. While past performance in this connection has not been entirely satisfactory, Colonel [REDACTED] stated that if the OSO requirements were supplied promptly Personnel Division would be in a position to supply their requirements in order to meet the fiscal year 1951 ceiling. An additional problem was discussed in this connection which related to the actual cover of the personnel requested by OSO from the Personnel Division. It was stated by OSO that their cover situation was adequate to meet the personnel requirements set forth in the budget estimates.

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11. It was pointed out by OSO that in many areas other Government agencies are stiffening their requirements in connection with reimbursement for services performed for CIA. This is particularly true in connection with Army and ESD's. The same situation obtains with the Department of State.

12. In comparing the over-all figure for the fiscal year 1951 with fiscal year 1950, it was pointed out that the present 50 figure is not based on estimated requirements but has been adjusted to what is considered an absolute minimum.

13. No further action was taken by the Committee at this meeting, and it was agreed that the Committee would reconvene at 2:00 p.m. on 2 September 1949.

14. The Meeting adjourned at 4:00 p.m.



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